



THE CITY OF SAN DIEGO

DATE: June 14, 2011

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – May 2011**

This report provides information on the activities and accomplishments of the Office of the City Auditor for the month of May 2011. It includes the audit reports issued and other accomplishments during this period, the status of current audit projects and activities, and a summary of planned audits that we have not yet started.

Audit Reports and Accomplishments:

- May 2, 2011 – Presented to the Audit Committee our Emergency Medical Services Audit Report. The presentation can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_11-017.pdf
- May 2, 2011 – Presented to the Audit Committee our Bid to Goal Gainsharing Goals Review. The presentation can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_11-016.pdf
- May 3, 2011 – Issued our Performance Audit of the Parking Administration Program. We found that opportunities exist to increase revenue collection and improve the City's management and oversight of its Parking Administration Program. We found that citations were not referred to collection for a total of \$2.9 million of uncollected accounts; approximately \$3 million in parking citation revenue was collected and distributed from citations with unidentifiable agency codes; data entry errors for manual parking citations led to inappropriate late payment fees; there is a lack of standardized training; and the City lacks an appropriate and effective replacement schedule for its parking meters to ensure a well-functioning parking meter system. We made 13 recommendations to address these issues. The report can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-020.pdf

OFFICE OF THE CITY AUDITOR
1010 SECOND AVENUE, SUITE 1400 • SAN DIEGO, CA 92101
PHONE (619) 533-3165 • FAX (619) 533-3036

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- May 10, 2011 – Issued a memo regarding a matter we identified during our Take-Home Vehicle Audit. We identified a cost-recovery issue related to our recent audit of Fire-Rescue’s Emergency Medical Services that required immediate attention. We found that the City has not been reimbursed at least \$212,026 for maintaining, fueling, and insuring vehicles owned or operated by Rural/Metro Inc. or San Diego Medical Services Enterprise (SDMSE). We recommended that the City Administration and City Attorney’s Office immediately seek reimbursement for all of these expenses from SDMSE. The memo can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/sdms_vehicle_memo.pdf
- May 20, 2011 – Issued the Close-Out Audit report for Mr. David Jarrell, former Deputy Chief Operating Officer, Public Works. We found that Mr. Jarrell had no outstanding debt to the City and nothing came to our attention requiring further review. The report can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-021.pdf
- May 31, 2011 – Issued the Close-Out Audit report for Mr. Naresh Lachmandas, former Department of Information Technology Director. We found that Mr. Lachmandas had no outstanding debt to the City and nothing came to our attention requiring further review. The report can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-022.pdf

Current Audits and Activities:

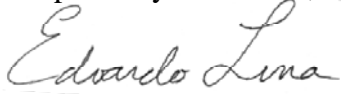
Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Capital Improvement Projects Audit	The objective of this audit is to determine the extent to which the City effectively initiates, prioritizes, and implements CIP projects. A draft audit report was sent to management for review on March 11, 2011, and an exit conference was held on March 30, 2011. City management is reviewing the report in order to provide feedback and a written response.	June 2011	4,104	2,880

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Police Department – Fiscal Services (Animal Services Contract) Audit	The objective of this audit is to review the City’s contract for Animal Services and determine if the service provider is in compliance with the terms of the contract. A draft report was sent to management for review on April 11, and an exit conference was held on May 3, 2011.	June 2011	847	600
General Services – Fleet Services Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the City’s fleet vehicle utilization. A draft report was sent to management for review on May 26, and an exit conference is scheduled for June 20, 2011.	June 2011	1,450	1,400
Annual Mission Bay Fund Audit FY10	The Annual Mission Bay Funds Audit is required by the City Charter, Article V, Section 55.2 (e). The objective of this audit is to verify that the prior fiscal year collection, allocation, and use of Mission Bay Funds are in compliance with City Charter requirements. Audit fieldwork is in progress.	June 2011	15	120
Annual Central Stores Inventory Audit FY11	The San Diego Municipal Code Section 22.0501 requires an annual count of inventory in City storerooms and warehouses. The objective of this audit is to confirm the valuation of Central Stores inventory. Audit fieldwork is in progress.	June 2011	14	80

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Police Department – Fiscal Services (License and Permit Fees)	The objective of this audit is to determine if the Police Department is efficiently and effectively collecting license and permit fees owed to the City with adequate internal controls in place. Audit report writing is in progress.	July 2011	899	1,300
Development Services Department Audit	The objective of this audit is to conduct a performance audit of DSD systems. Audit fieldwork is in progress.	August 2011	568	1,600
City Retirement System Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the San Diego City Employee Retirement System’s administration. Audit fieldwork is in progress.	August 2011	906	1,700
Public Utilities – Water Department and Metropolitan Wastewater Audit	The City Auditor entered into a Service Level Agreement with Public Utilities and the Independent Rates Oversight Committee (IROC) to conduct audits of the Public Utilities Department. We are conducting an audit of Public Utilities CIP with a target completion date of August 2011.	August 2011	1,657	2,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Fraud, Waste and Abuse Hotline	City Auditor staff reviews all City Hotline calls received and performs investigations for accusations of material fraud, waste or abuse. Hotline reports are issued for fraud-related allegations that are substantiated. During the month of May, there were six new Hotline calls received.	On-going	1,450 (Fiscal Year 2011 Hours)	1,560 (Fiscal Year 2011 Hours)
Follow-up on Audit Report Recommendations	The City Auditor tracks all audit recommendations made since FY08. Comptroller staff contacts those responsible for implementing our recommendations and provides regular status data to the City Auditor on all implemented recommendations. We verify if recommendations have actually been implemented and report the implementation status on a semi-annual follow-up report. The last semi-annual follow-up report was issued on February 28, 2011. We plan to issue our next semi-annual follow-up report in September 2011.	On-going	615 (Fiscal Year 2011 Hours)	600 (Fiscal Year 2011 Hours)

Respectfully Submitted,



Eduardo Luna
City Auditor

cc:	Honorable Mayor Jerry Sanders Honorable City Council Members Jay M. Goldstone, Chief Operating Officer Wally Hill, Assistant COO	Mary Lewis, Chief Financial Officer Ken Whitfield, City Comptroller Jan Goldsmith, City Attorney Andrea Tevlin, IBA
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